

Message Text

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ACTION IO-13

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07
FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 SP-02
CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04
CEA-01 OIC-02 FEAE-00 ERDA-05 OES-06 DHA-02 L-03 H-01
/106 W

-----181700Z 080225 /65

R 181325Z JAN 77
FM AMEMBASSY SANTIAGO
TO SECSTATE WASHDC 3049
TREAS DEPT WASHDC
INFO AMEMBASSY MEXICO
AMEMBASSY CARACAS

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TREASURY FOR BERGSTEN

E.O. 11652: N/A
TAGS: EFIN ETRD ECLA PFOR CI
SUBJECT: DISCUSSION POINTS FOR BIENNIAL ECLA MEETING IN GUATEMALA
CITY

1. SUMMARY. ECLA EXECUTIVE SECRETARY ENRIQUE IGLESIAS AND
ECONOMIST CARLOS MASSAD WILL BE SEEKING APPOINTMENTS WITH
COOPER AND BERGSTEN FOR JANUARY 24 TO DISCUSS INTERNATIONAL
TRADE AND FINANCE AGENDA ITEMS FOR BIENNIAL ECLA MEETING IN
GUATEMALA IN APRIL. IGLESIAS WANTS EARLY CONTACT WITH KEY
INTERNATIONAL ECONOMIC FIGURES OF NEW ADMINISTRATION TO ALLOW
TIME FOR PREPARING CONSIDERED USG POSITION AT MEETING. END
SUMMARY.

2. AT JANUARY 14 LUNCHEON HOSTED BY AMBASSADOR FOR IGLESIAS AND
MASSAD, IGLESIAS SAID THAT HE AND MASSAD WOULD BE SEEKING JAN-
UARY 24 APPOINTMENTS WITH COOPER AND BERGSTEN TO DISCUSS ECLA
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IDEAS IN FINANCE, TRADE AND TECHNOLOGY TRANSFER FIELDS. THESE
IDEAS WILL BE DISCUSSED AT ECLA HIGH LEVEL MEETING OF EXPERTS IN
MID-MARCH AND PLACED ON AGENDA FOR ECLA GUATEMALA CITY SESSION
BEGINNING APRIL 25.

3. FINANCIAL. IGLESIAS AND MASSAD ARE MUCH CONCERNED ABOUT
MOUNTING LA FOREIGN DEBT BURDEN AND LA CREDIT WORTHINESS IN

INTERNATIONAL CAPITAL MARKETS. ONE ECLA IDEA IS TO ESTABLISH SPECIAL REFINANCING FACILITY UNDER AUSPICES OF IMF, ANALOGOUS TO OIL FACILITY. FACILITY WOULD REPLACE INFORMAL DEBT RENEGOTIATION CLUBS AND ITS EXISTENCE WOULD TEND TO REASSURE FOREIGN CREDITORS.

4. MANY LA GOVERNMENTS PRESENTLY ARE UNABLE OR FIND IT VERY DIFFICULT TO PLACE BONDS IN INTERNATIONAL CAPITAL MARKET. ECLA MAY PROPOSE GUARANTEE SCHEME WHEREBY SOME INTERNATIONAL AGENCY, POSSIBLY THE WORLD BANK OR EVEN A NEW BANK, WOULD ASSUME THIS FUNCTION. ECLA OFFICIALS NOT CLEAR ON DETAILS. WE CITED US-PROPOSED INTERNATIONAL RESOURCES BANK.

5. TRADE. ECLA WOULD LIKE TO SEE INTERNATIONAL RULES REGARDING ACCEPTABLE SUBSIDIES BROADENED SO AS TO ALLOW DEVELOPING COUNTRIES GREATER SCOPE FOR EXPORT PROMOTION. MENTIONED SPECIFICALLY BY MASSAD WERE SUBSIDIES FOR NEW PRODUCTS IN FOREIGN MARKETS AND EXPORT SUBSIDIES TO OFFSET A TEMPORARILY OVERVALUED EXCHANGE RATE.

6. ANOTHER IDEA WHICH MAY BE FLOATED IN GUATEMALA IS ESTABLISHMENT OF JOINTLY RUN (E.G. US/LA) QUALITY CONTROL INSTITUTES WHICH WOULD PERFORM PRODUCT TESTING SO AS TO ASSURE LA EXPORTS MEET QUALITY CONTROL STANDARDS OF IMPORTING COUNTRY. SUCH A SCHEME WOULD HELP SOME LA EXPORTERS OVERCOME CONSUMER DISCRIMINATION TRACEABLE TO LACK OF INFORMATION.

7. OTHER ISSUES. IGLESIAS MENTIONED TECHNOLOGY TRANSFER AS OTHER AREA FOR DISCUSSION BUT AT SAME TIME INDICATED HE HIMSELF BEREFT LIMITED OFFICIAL USE

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OF NEW THOUGHTS. SIGNIFICANTLY, SUBJECT OF COMMODITY ARRANGEMENTS WAS NOT RAISED. SINCE ECLA CONTINUES TO HAMMER ON THIS THEME IN PUBLISHED MATERIAL, WE ASSUME THAT ABSENCE OF TOPIC FROM OUR CONVERSATION MERELY INDICATED ECLA HAS NOTHING NEW TO SAY.

8. SELA. IGLESIAS THINKS THAT SELA HAS PRETTY MUCH ATROPHIED SINCE ONE OF TWO CHIEF SPONSORS, ECHEVARRIA, DEPARTED SCENE AND SINCE SOUTHERN CONE COUNTRIES CONTINUE TO GIVE SCHEME CHILLY TREATMENT. IGLESIAS INDICATED THAT BALL IS VERY MUCH IN US COURT REGARDING VENUE FOR NEGOTIATIONS WITH LA COUNTRIES. IT COULD BE EITHER IN OAS OF THROUGH SELA. HE SEES ECLA AS VEHICLE FOR INSERTING NEW IDEAS, COLLECTING INFO, ETC.

9. HUMAN RIGHTS. IGLESIAS IS VERY CONCERNED TO IMPROVE HR PRACTICES OF LA GOVERNMENTS. HOWEVER, HE THINKS PROPOSAL FOR RESTRICTING FI ASSISTANCE TO OFFENDING COUNTRIES IS UNPRODUCTIVE APPROACH TO PROBLEM, ESPECIALLY SINCE LA GOVERNMENTS UNANIMOUSLY REJECT USE OF ECONOMIC PRESSURE TO GAIN POLITICAL ENDS.

10. COMMENT: IGLESIAS IS EAGER TO DISCUSS IDEAS FOR ECLA
MEETING WITH INTERNATIONAL ECONOMIC POLICYMAKERS TO GIVE NEW
ADMINISTRATION FULLEST OPPORTUNITY TO FORMULATE RESPONSE TO ECLA
PROPOSALS AS WELL AS TO ENHANCE ROLE OF HIS OWN ORGANIZATION
IN ANY POLICY INITIATIVES, INVOLVING THE REGION.
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Message Attributes

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Sent Date: 18-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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